

DECLASSIFIED	
By <i>John M. Smith (MK-8-512)</i>	NARS, Date <i>5/13/87</i>

SUBJECT: The Cuban Situation in Eighteen Months or Two Years

The Office of the Coordinator for Cuban Affairs has asked for our considered judgment on what the Cuban situation will be a year and a half or two years from now. In setting forth this judgment we necessarily assume no major change in current US Cuban policy which is directed toward hastening Castro's overthrow and extirpating Soviet and communist influence from the island through the non-military means of progressive economic and political isolation. We also assume that Soviet policy toward Cuba will continue to aim at maintaining Soviet influence over a communist regime which provides a welcome foothold in the Western Hemisphere, and that the Soviets will be prepared to invest substantial resources in the Cuban experiment to insure its viability. Finally, we assume rational and consistent behavior on Castro's part as he seeks consolidation of his communist regime.

During the coming months these assumptions may well prove mistaken: events almost certainly will not unfold in an orderly and coherent manner. We have not tried here, however, to explore fully the range of contingencies that may arise.

Conclusions:

On the basis of our stated assumptions, we conclude that in eighteen months or two years:

1. Castro will remain the dominant figure in Cuba, his position bolstered by competent security forces, an impressive militia, and the loyal attachment of important elements of Cuba's young people as well as others who feel themselves to have been favored by the regime.
2. The domestic Cuban economy will have declined somewhat below today's levels and substantially below those of pre-Castro Cuba, but it will have steadied itself and will be in no danger of imminent collapse.
3. The relationship between Cuba and the USSR will continue to be firm, Castro seeing no reason to sacrifice Moscow's economic and political assistance, and the Soviet Union being unprepared to let its Western Hemisphere satellite founder or sever its bloc ties.

RED DISTRIBUTION

[REDACTED] IS UNCLASSIFIED

- 1 -

4. The economic cost of Cuba to the world will be somewhat greater than it is today, but it will not represent an undue burden.

5. The differences between Havana and the rest of the island will have continued, but it is likely that they will have become more pronounced as the revolution progresses.

6. The problem of industrialization will be solved by a combination of factors. Higher wages will be paid to workers, and the government will have more control over the economy. In addition, the government will have more control over the economy. Still further centralization, but some free market elements for carrying goods to and from Cuba will be available.

7. Castro's appeal in the West of Latin America will not be significantly greater than it is today, but neither will it have declined substantially.

Castro Regime Control

The passage of time will have helped to further solidify the Cuban revolution, although there will have been no significant diminution of Castro's role as paramount leader of Cuba. His dominant position will derive from the ideological attachment to him of indoctrinated youth, the blind faith in him of Cuban Negroes and others who have acquired improved status under his dispensation, and the identification with his regime of members of a new managerial elite. Castro will have maintained the support of competent security forces. Despite Communist efforts to find alternative leaders, to construct collective leadership devices, and to provide for the succession, Castro will have remained indispensable.

At the same time, prolonged deprivations and irritating controls will have continued to temper the enthusiasm of the Cubans: much of the public will be apathetic and weary, annoyed by shortages, cynical about Marxist indoctrination, irked by visible and persistent evidence of the Soviet presence on the island, and disillusioned by the obvious contrast between the Revolution's promise and its performance. The prevailing attitude, however, will be one of resignation, and most Cubans will still be unwilling to accept the risks of open hostility to the regime.

Much of Castro's active and potential opposition has already left the island. Castro, recognizing the usefulness of exporting his opposition, will have continued to press for the resumption of a selective emigration of dissident elements, calculating that the political gain to him will outweigh the economic cost of this drain of skilled and professional manpower.

[REDACTED] OLD DISTRIBUTION

[REDACTED] NO DISSEMINATION

This will not have precluded, however, a Soviet-Cuban diplomatic initiative to prevent US overflights, nor even efforts to interdict such flights under favorable political conditions.

Maritime Coast to the Soviets

Cuba will continue to be a substantial net drain on the Soviets, somewhat more on now than it is was. In 1962 the Cuban trade deficit exceeded \$100 million, most of which is financed by means of Cuban imports from the Soviet bloc. In 1963 the deficit was expected to be more than \$200 million. Despite the sharp rise in free market sugar prices the total value of Cuban sugar exports in 1963 will be lower than in 1962, owing in part to a poor crop year, in part to Cuba's obligations to sell most of its exports to the bloc at a fixed price. Nevertheless, the volume of Cuban imports, particularly from the Soviet Union, will have expanded.

In the hope of stimulating Cuban primary production to the point where Cuba can pay its own way, the Soviets have now stepped up investment activities in Cuban agriculture, fishing, and mining. Considerable success will have been achieved in fishing and perhaps mining, but the failure in agriculture will be noticeable. Shortcomings in agriculture will reflect the extent to which communist techniques are rigidly applied and also the effects of anarchist activities in the same fields.

The need to replace worn-out machinery of Western manufacture added to the burden of compensating for Cuba's balance of payments deficit and shipments of consumer goods will have increased Soviet expenditures to record levels. Indeed, if our rough estimate of the present cost to the Soviets of sustaining the Castro regime is accurate -- \$1 million per day or \$365 million per year -- Moscow's involvement in Cuba is already costing it almost the equivalent of the total Soviet economic assistance given by all the other underdeveloped countries in the peak year of 1962 (\$200 million). Nevertheless, the strain on total Soviet resources of Moscow's economic assistance program to the underdeveloped areas generally, including Cuba, is not excessive, and in the case of Cuba the USSR will probably have calculated that the outlay was worthwhile.

Castro-Soviet Policy Differences Will Remain Unresolvable

Castro and the Soviets will have all possibly serious policy differences, some of which may have come to public notice. Recognizing Cuba as an official and somewhat pampered member of the world communist community, Moscow will have continued to hope that Cuba would accept Moscow's traditional discipline and guidance and, where necessary, would subordinate Cuba's particular interests to the good of the whole. For Castro is unlikely to have conformed fully to Moscow's hopes.

[REDACTED] NO DISSEMINATION

TOP SECRET

- 5 -

The regime's preponderance of power, along with its totalitarian philosophy and practices in the field of communications control, will have enabled it to curb threatening trends in public opinion and to stifle most active opposition. Castro will endeavor to use regime, sporadic and ill-coordinated, will be somewhat reluctant to have being prepared to commit his resources to the cause of social revolution.

Cuban Economic Status

The Cuban economy will have stabilized itself at a level below parity's and substantially below that of pre-Castro Cuba; it will not have collapsed. Cuba's economic doldrums will be traceable to the lack of adequate replacement parts for machinery, to mismanagement and inefficiency, to labor slowdowns and occasional outright refusals to work. It will also be accountable to the inability of Cuba to engage in normal exchange of goods and services with the countries of the Free World. Inflationary pressure will be great, and continuing -- but only partially successful -- efforts will be made to check them through rationing and price control. Basic necessities will be available, but other consumer items will continue to be in short supply.

Continuing Influence of USSR

Castro's commitment to communism will not have been altered and he have modified or accelerated his program in an effort to overcome some of the pressures brought to bear against him by the West. His dependence upon the Soviet Union, therefore, will continue to be substantial, the Soviet Union being the only power willing and able to support him and his program.

While backing Cuba and trying to integrate it into the bloc system, the USSR will have continued to seek to attain a balance in its relations with the US over its historic province in Cuba, a crisis that might confront the Soviets with the decision whether to implement what it pledges to do in the event of invasion. For this reason, and also because the function of Soviet troops will have altered in a Cuba no longer a strategic Soviet base, there will be substantially fewer Soviet military personnel on the island than there are today. The various Russian groups now in Cuba will have remained, manned for the most part by Cubans in the civil overcast by a sizeable Soviet military advisory group. The Soviets will not have wanted overoperational control of sophisticated weapons systems to the Cubans without having been convinced that these devices would not be used for provocative acts against the US without prior consultation with themselves. The Soviets will have concluded that Cuba's near total economic dependence upon the bloc would restrain Castro from recklessness.

TOP SECRET

TRANSCRIBED PAGES FOLLOW

(Pages Two, Three and Four)

4. The economic cost of Cuba to the USSR will be somewhat greater than it is today, but will not represent an intolerable burden.

5. Policy differences between Havana and Moscow will have continued, but it is unlikely that they will have seriously affected Cuba's close alignment with the USSR.

6. The process of isolating Castro's Cuba economically and politically from the Western Hemisphere will be further advanced although not complete. In consequence of US pressure, Free World shipping to Cuba will have been still further curtailed, but some Free World bottoms for carrying goods to and from Cuba will be available.

7. Castro's appeal in the rest of Latin America will not be significantly greater than it is today, but neither will it have declined substantially.

Castro Retains Control

The passage of time will have helped to institutionalize the Cuban revolution, although there will have been no significant diminution of Castro's role as maximum leader of Cuba. His dominant position will derive from the fanatical attachment to him of indoctrinated youth, the blind faith in him of Cuban Negroes and others who have acquired improved status under his dispensation, and the identification with his regime of members of a new managerial elite. Castro will have maintained the support of competent security forces. Despite Communist efforts to find alternative leaders, to construct collective leadership devices, and to provide for the succession, Castro will have remained indispensable.

At the same time, prolonged deprivations and irritating controls will have continued to temper the enthusiasm of many Cubans: much of the public will be apathetic and weary, annoyed by shortages, cynical about Marxist indoctrination, irked by visible and pervasive evidence of the Soviet presence on the island, and disillusioned by the obvious contrast between the Revolution's promise and its performances. The prevailing attitude, however, will be one of resignation, and most Cubans will still be unwilling to accept the risks of open hostility to the regime.

Much of Castro's active and potential opposition has already left the island. Castro, recognizing the usefulness of exporting his opposition, will have continued to press for the resumption of a selective outflow of dissident elements, calculating that the political gain to him will outweigh the economic cost of this drain of skilled and professional manpower.

This will not have precluded, however, a Soviet-Cuban diplomatic initiative to prevent US overflights, nor even efforts to interdict such flights under favorable political conditions.

Economic Costs to the Soviets

Cuba will continue to be a substantial economic burden for the Soviets, somewhat more onerous than it is today. In 1961 the Cuban trade deficit exceeded \$100 million, most of this reflecting an excess of Cuban imports from the Soviet bloc. In 1962 the deficit had increased to more than \$200 million. Despite the sharp rise in free market sugar prices the total value of Cuban sugar exports in 1963 will be lower than in 1962, owing in part to a poor crop year, in part to Cuba's obligations to sell most its exports to the bloc at a fixed price. Nevertheless, the volume of Cuban imports, particularly from the Soviet Union, will have expanded.

In the hope of stimulating Cuban primary production to the point where Cuba can pay its own way, the Soviets will have stepped up investment activities in Cuban agriculture, fishing, and mining. Considerable success will have been achieved in fishing and perhaps mining, but the failure in agriculture will be noticeable. Shortcomings in agriculture will reflect the extent to which communist techniques are rigidly applied and also the effects of arsonists' activities in the cane fields.

The need to replace worn-out machinery of Western manufacture, added to the burden of compensating for Cuba's balance of payments deficit and shipments of consumer goods, will have increased Soviet expenditures to record highs. Indeed, if our rough estimate of the present cost to the Soviets of sustaining the Castro regime is accurate--\$1 million per day or \$365 million per year--Moscow's involvement in Cuba is already costing it almost the equivalent of the total Soviet economic assistance drawn by all the other underdeveloped countries in the peak year of 1962 (\$400 million). Nevertheless, the strain on total Soviet resources of Moscow's economic assistance program to the underdeveloped areas generally, including Cuba, is not excessive, and in the case of Cuba the USSR will probably have calculated that the outlay was worthwhile.

Castro-Soviet Policy Differences will Remain Manageable

Castro and the Soviets will have had possibly serious policy differences some of which may have come to public notice. Recognizing Cuba as an official and somewhat pampered member of the world communist community, Moscow will have continued to hope that Cuba would accept Moscow's traditional discipline and guidance and, where necessary, would subordinate Cuba's particular interests to the good of the whole. Yet Castro is unlikely to have conformed fully to Moscow's hopes.

The regime's preponderance of power, coupled with its totalitarian philosophy and practice in the field of communications control, will have enabled it to curb threatening trends in public opinion and to stifle most active opposition. Continuing resentment to the regime, sporadic and ill-coordinated, will be combatted ruthlessly, Castro being prepared to commit his resources to the extent he feels necessary.

Cuban Economy Limp

The Cuban economy will have stabilized itself at a level below today's and substantially below that of per-Castro Cuba; it will not have collapsed. Cuba's economic doldrums will be traceable to the lack of adequate replacement parts for machinery, to mismanagement and inefficiency, to labor slowdowns and occasional outright refusals to work. It will also be accountable to the inability of Cuba to engage in normal exchange of goods and services with the countries of the Free World. Inflationary pressures will be great, and continuing, - but only partially successful - efforts will be made to check them through rationing and price controls. Basic foodstuffs will be available, but other consumer items will continue to be in short supply.

Continuing Dependence on USSR

Castro's commitment to communism will not have lessened; nor will he have modified or sacrificed his program in an effort to secure an easing of the pressures brought to bear against him by the West. His dependence upon the Soviet Union, therefore, will continue to be substantial, the Soviet Union being the only power willing and able to support him and his program.

While backing Cuba and trying to integrate into the bloc system, the USSR will have continued to seek to avert a crisis in its relations with the US over the Soviet presence in Cuba, a crisis that might confront the Soviets with the decision whether to implement their pledges to defend Cuba in the event of invasion. For this reason, and also because the function of Soviet troops will have altered in a Cuba no longer a strategic Soviet base, there will be substantially fewer Soviet military personnel on the island than there are today. The various weapons systems now in Cuba will have remained, manned for the most part by Cubans but still overseen by a sizeable Soviet military advisory group. The Soviets will not have turned over operational control of sophisticated weapons systems to the Cubans without having been convinced that these devices would not be used for provocative acts against the US without prior consultation with themselves. The Soviets will have concluded that Cuba's near total economic dependence upon the bloc would restrain Castro from recklessness.

SECRETED DISTRIBUTION

On balance, however, Castro's usefulness as an irritating and exacerbating element in US-Latin American relations will ... be more than compensated for the periodic difficulties he might have caused Moscow. His appeal for radical solutions and his efforts to stir up anti-US sentiment in Latin America might well have found a response in the region that furthered Moscow's objectives.

Isolation of Cuba far advanced. But Castro image remains.

Concerted diplomatic and economic efforts will have gone far toward completing Cuba's isolation from the Western Hemisphere and from other countries of the Free World. Nevertheless, Castro will continue to project an attractive image to many of Latin America's dispossessed, frustrated, and impatient; and through a variety of surreptitious and blatant means he will continue his subversive and destructive activities.

* * * * *

Our estimate of the situation in Cuba eighteen months or two years from now is projected from the explicit assumptions noted at the outset. Obviously a change in any one of them could alter radically the picture we have presented. Similarly, unforeseen or improbable events may occur that would make our projection invalid.

For example:

Should Fidel Castro die or be killed or should he in other fashion be removed from office, the stability of Cuba's communist regime would be seriously disturbed, perhaps irremediably.

Or should Castro's armed forces, through design or inadvertence, shoot down reconnaissance aircraft, destroy US shipping, or fire upon Guantanamo a new situation would be created.

Again, if Castro were to step up his efforts to export the Cuban revolution to the rest of the hemisphere through the methods of violence and subversion, other policy alternatives might present themselves to the US.

Nor can we exclude altogether the possibility of a fundamental change in Soviet-Cuban relations. If the Soviet Union were to decide that the risks of direct US-USSR military confrontation over Cuba outweighed gains from a Soviet military presence there or if Moscow were to conclude that the cost of economic support of Cuba was exorbitant in diverting Soviet resources from other more profitable uses, the Soviets might withdraw from their Cuban experiment.

SECRETED DISTRIBUTION

[REDACTED] DISSEMINATION

It is conceivable, but only barely, that Castro might decide unilaterally to loosen his ties to the Soviet bloc and to adopt a truly neutralist stance in an attempt to reintegrate Cuba into the Western Hemisphere.

Contingencies such as these, however, cannot provide the bases for systematic projection, and therefore, this paper has consciously avoided them.

State - RD., Wash. D.C.

[REDACTED] END DISTRIBUTION